



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

DWS UPDATE ON MUNICIPAL DEBT TO WATER BOARDS

14 November 2018

The Department of Water and Sanitation (DWS) today presented jointly with the Department of Cooperative Governance and Traditional Affairs (COGTA), and National Treasury to a joint sitting of the Portfolio Committee on Water and Sanitation together with the Standing Committee on Appropriations (SCOA) on the latest update regarding the status of municipal debt to the DWS and Water Boards.

Municipal debt levels remain a serious concern for all water boards and the DWS. This is even more so for Bloem Water, Lepelle Northern Water and Sedibeng Water where the levels of debt are substantially high. The implication of such debt is that the viability and sustainability of the entities is being threatened as the overall debt levels continue to increase.

This critical issue needs to be addressed more aggressively by all stakeholders.

Sedibeng Water remains the one with a municipality with the biggest debt owed to it, namely Matjhabeng Local municipality which owes Sedibeng Water all of **R2 431 173 000 – 00** (two-billion four-hundred and thirty-one million, one-hundred and seventy-three thousand Rand); whilst Vhembe District Municipality tops the list of debtors to the Water Trading Entity of the DWS to the tune of **R691 088 000 – 00** (six-hundred and ninety-one million, and eighty-eight thousand Rand).

It was also indicated that the municipal debt to Water Boards and the DWS (through the WTE), continues to rise.

In order to address similar challenges related to Electricity Reticulation and Distribution, an Inter-Ministerial Task Team (IMTT) was established to find solutions to the Constitutional, Systemic and Structural Challenges in electricity distribution. The IMTT comprises of the Ministers of Cooperative Governance and Traditional Affairs (COGTA as Chairperson), Finance, Energy, Public Enterprises, the President of SALGA, and the Chairpersons of Rand Water and ESKOM Boards.

Following the Portfolio Committee meeting on 29 November 2017, the IMTT resolved to amend its mandate to include water, and the Minister of Water and Sanitation was included in its membership. On the 12th of December 2017 the scope of the IMTT was expanded to include bulk water related debt.

There is a technical team that supports the IMTT and is tasked with finding sustainable solutions to the debt challenges for both electricity and water, where a plan is in place to deal with these debts to ESKOM, Water Boards and the WTE.



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Minister of Water and Sanitation, Hon. Gugile Nkwinti, responded that “I am glad to be part of the IMTT, working closely with my Cabinet colleagues on this matter. In response to these challenges we need to also encourage payment of debts by other government entities and government departments, both at national and provincial levels. We have to ensure that there is also a collective effort emanating from provinces to ensure such payments occur.”

There were also suggestions from members of the Parliamentary Committees to look at ring-fencing portions of some of the grant funding received. The National Treasury official in response cautioned that the Division of Revenue Act (DORA) is restrictive as to what can be done with the money. It is more important to look at resolving the systemic and structural issues, looking into the root causes still in place and challenge that may perpetuate non-payment.

End

Issued by the Department of Water & Sanitation

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